

# **What is Quality of Hire? And how do you calculate it?**

# What is Quality of Hire?

First, it is essential to separate Recruiting Effectiveness from Quality of Hire. Often, organizations lump both terms together.

Recruiting Effectiveness is a metric used to assess an organization's hiring process and the success of the new hires it produces. This metric is evaluated by considering factors such as Time to Hire, Time to Fill, Passthrough Rates, Savings Generated, & Hiring Costs.

Quality of Hire refers to the output of the individual hire. This metric is evaluated by considering factors such as Performance Ratings, Promotion, Tenure, & Engagement.

Both metrics are important as it can affect an organization's bottom line and its workforce's overall efficiency and productivity.



# What is Quality of Hire?

It is important to note that we cannot calculate the Quality of Hire without understanding Recruiting Efficiency.

By increasing Recruiting Efficiency, we improve the overall quality of hire because a more efficient process reduces the time spent on hiring and the chances of hiring the wrong candidates. This leads to a more qualified pool of applicants with the skills and experience necessary to fulfill the job requirements successfully.

Additionally, a more efficient process can reduce costs associated with the hiring process, allowing an organization to reinvest those savings into improving the quality of hire.

*"The key to maximizing the Quality of Hire and Recruiting Efficiency is identifying areas of improvement and developing strategies to address them."*

# Maximizing Quality of Hire

The key to maximizing the Quality of Hire and Recruiting Efficiency is identifying areas of improvement and developing strategies to address them.

This could include focusing on candidate sourcing and screening processes and using data-driven insights to guide decision making.



Furthermore, organizations should prioritize candidate engagement and continuously measure their performance against these metrics.

Doing so will provide organizations with the necessary tools to make informed decisions about their hiring process to achieve the best Quality in hiring.

# How to calculate Quality of Hire

The metrics organizations can include when calculating Quality of Hire can vary from organization to organization based on their values, what metrics they track, and how they track those metrics.

However, a few of the standard metrics that analysts use for measuring the Quality of Hire include:

**1. Performance Ratings:** Performance reviews are a good indicator of the employee's performance in their role and can be used to measure the Quality of Hire.

Performance reviews provide detailed information about the employee's job performance and work ethic, making it easier to identify high-performing employees.

**2. Promotion Rate:** How often did the employee receive promotions relative to their cohort?

# How to calculate Quality of Hire

**3. Tenure:** Is the tenure of the employee shorter than average? Did they stay up to a year? Did they stay longer or shorter than in prior roles?

It takes time for an employee to become fully engaged and productive. Measuring the tenure of employees can provide insight into the quality of hires and organizational culture.

**4. Engagement:** Engagement is another important metric to measure the Quality of Hire. Employees who are not engaged in their job are less likely to perform well and contribute valuable insights to the organization.



# Example of how to calculate Quality of Hire:

Before calculating the Quality of Hire, it is essential to set performance standards and goalposts for each metric.



For example, if you want to measure Performance Ratings, you need to set a benchmark for what constitutes a "good rating," such as 4.0/5. Once this is established, you can track each metric over time to identify trends and insights.

# Example of how to calculate Quality of Hire:

To calculate the Quality of Hire, you must first determine the average performance rating, promotion rate, tenure, and engagement of your hires.

It is crucial to ensure you have enough data points to ensure accuracy. You can then compare these metrics to the goalposts you have established for each metric.

A collage of business-related graphics including a line chart with a red line showing fluctuations over months, a pie chart with segments, a bar chart with blue bars, and a magnifying glass focusing on a document with numbers like '23,680,760'.

**The closer these metrics are to the goalposts, the higher the perceived Quality of Hire.**



# Example of how to calculate Quality of Hire:

For example, if your goal for Performance Ratings is 4.0/5 and the average performance ratings of the new hires is 4.3/5, then you can conclude that the Quality of Hire is high.

However, if the average performance rating of the new hires is 3/5, then you can conclude that the Quality of Hire is low.

Once you have determined the Quality of Hire, you can then use the data to inform your strategy, make changes to the recruitment process, and evaluate new metrics, such as job satisfaction and employee onboarding, to optimize the Quality of Hire further.

## On a final note...

There isn't a one size fits all method for calculating the Quality of Hire. Tailoring the metrics and goalposts to the organization's values and the job requirements of the roles in question is essential.

Different roles and industries can have different factors when defining the Quality of Hire.

Additionally, organizations should prioritize continuous measurement and evaluation to ensure their recruitment process is as efficient and effective as possible.

